works (Rs. 63·44 lakhs) is to be repaid by the Harbour Authorities in 30 equated annual instalments, payment commencing 10 years after receipt of advance, the interest on this being 5 per cent. The cost on account of the Ware-house has begun to be repaid at the rate of Rs. 7,255 in 25 equated annual payments, the interest on the balances being 4 per cent. No definite terms for the repayment of the loan of Rs. 3 lakhs have been laid down; the question is deferred till repayment of the loan for IVth stage works is completed or the working of the Port shows a satisfactory surplus after providing for IVth stage instalments. The expenditure of Rs. 92,644 incurred in the earlier years is a capital investment and is not proposed to be repaid. The above details give the Hon'ble Members a complete picture of the expenses that have been incurred by the Government on account of the Cochin Harbour. All the payments according to the original proposals on this account have now been completed.

The total capital outlay in the State Railway including the newly constructed Idappilli link up to the end of 1941 is Rs. 117·19 lakhs. This includes the capital expenditure on the original metre-gauge railway but excludes the revenue portion of the conversion expenditure. The net earnings for the year 1940-41 were Rs. 6,34,609 and this works out a return of 5·4 per cent on capital.

ELECTRIC SUPPLY AND INDUSTRIAL CONCERNS

From the Government Thermal station at Nemmara a net yield of 3·8 per cent on the capital investment was realised in the last year but at Chittur the receipts were only just sufficient to meet the working expenses. In the current year it is expected that the Nemmara station will yield 1·5 per cent only and that the Chittur station will, as in last year, show no profit. In the next year it is anticipated that, as a result of war conditions, both the stations will have to work at a loss. The loss in the case of Nemmara is estimated to be Rs. 535 and that of Chittur Rs. 3,547.

Negotiations with the Travancore Government on the proposal to buy power from them (The Pallivasal Hydro-Electric Works) are proceeding. The expenditure that has been so far incurred on this account is debited to capital works. Since printing the preliminary edition of the budget Government have decided to provide Rs. 3 lakhs under "Capital Outlay" for this purpose.

The State Stoneware Factory was leased to private management in the year 1115. As I explained in detail in my last budget speech the term of the present lease expires only in the year 1118.

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The Cochin Tanneries came under Government ownership as a result of action in the Law Courts. The total investment by Government on this Factory including loans amounts to Rs. 2,41,755-0-9. There is a chance of a portion of it amounting to Rs. 24,375 being realised by the sale of its machinery.

REVENUE RESERVE FUND

A Personal Deposit account "Revenue Reserve Fund" was opened at the close of 1113 to provide a reserve that should be available in subsequent years and a sum of Rs. 4·5 lakhs was first transferred to this head in 1113. A sum of Rs. 6·5 lakhs was further transferred to this head from the savings of 1114. Rs. 3 lakhs out of this fund was ear-marked for rural development works. Accordingly a sum of Rs. 1 lakh each year was provided for from 1115 onwards for the purpose and made available to the Hon'ble Minister for purposes of rural reconstruction. Besides this, a sum of Rs. 2·25 lakhs was set apart in 1116 to provide additional accommodation in Schools and Hospitals. At the end of 1117 the balance under this head would therefore be Rs. 5·75 lakhs.

ASSETS AND LIABILITIES

Including the two Government public loans (5 per cent Rs. 75 lakhs and 3½ per cent Rs. 30 lakhs) and the loan of Rs. 22 lakhs taken from the Government of India the total liabilities of the State as exhibited at page vi of the budget estimates would stand at Rs. 216 lakhs by the end of 1117. Against this, even excluding a portion of the capital expenditure on a portion of the Railway, the Assets at the end of next year is expected to be Rs. 348 lakhs yielding a surplus of 132 lakhs over liabilities.

The loan to the Government of India is being liquidated in parts annually. The repayment is to spread over 50 years of annual equated instalments. The interest on this loan is only 3¾ per cent while the interest that the Government would receive on the loan to Harbour Authorities is 5 per cent, the repayments by the latter starting 10 years hence. Towards the repayment of Government of India loan next year an amount of Rs. 98,063 has been provided.

The cash balance of the State for the next year is expected to show an increase of over Rs. 6·3 lakhs as compared to the Rs. 37·46 lakhs of the current year. Investments in Fixed Deposits, Cochin Government Securities, Foreign Government Securities and Shares and Debentures in Companies together come to Rs. 83·63 lakhs.

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